

FCC MAIL SECTION

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 92-145

DISPATCH

II. DISCUSSION

2. Record carriers having average annual revenues exceeding \$50,000 are subject to the accounting requirements in Parts 34 or 35¹ and report their financial and statistical data and certain ownership information on Annual Reports O or R, as appropriate for the services provided. The reports are filed in accordance with Section 1.785, Annual financial reports, and Section 43.21, Annual reports of carriers and certain affiliates, of our rules. They contain information on ownership, officers and directors, debt, property and equipment, franchises, and financial operations of the reporting companies.

3. In 1981, Congress amended Section 222 of the Communications Act to provide as follows:

The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications services, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by competition. In order to meet the purposes of this section, the Commission shall forbear from exercising its authority under this Act as the development of competition among record carriers reduces the degree of regulation necessary to protect the public.²

Pursuant to this mandate, the Commission, in 1983, classified all domestic record carriers as nondominant and placed them under streamlined regulation.³ In 1985, the Commission adopted nondominant classification and streamlined regulation for the international record carriers.⁴

4. The record carriers are the only nondominant carriers that are currently subject to a prescribed system of accounts.⁵ In 1980, eight carriers were filing reports under the sections of the rules governing reporting requirements for record carriers. As a result of mergers among these carriers, last year the only carriers filing were TRT/FTC, Western Union International and Western Union Corporation. In each of the past three years, the Common Carrier Bureau, in recognition of the reduced need for the data in Report Forms O and R, has issued a waiver to reporting companies substantially reducing the amount of information they must file on these forms.⁶

5. While changes in record carrier technology and in our policies have dramatically altered this industry, the systems of accounts in Parts 34 and 35 have not been revised to reflect these changes. Further, the accounting rules contained in Part 34 and Part 35 have not been amended to reflect generally accepted accounting principles issued by the Financial Accounting Standards Board.⁷

NOTICE OF PROPOSED RULEMAKING

Adopted: June 29, 1992;

Released: July 16, 1992

Comment Date: September 7, 1992

Reply Comment Date: September 22, 1992

By the Commission:

I. INTRODUCTION

1. In this Notice of Proposed Rulemaking we propose to eliminate Part 34, Uniform System of Accounts for Radiotelegraph Carriers, and Part 35, Uniform System of Accounts for Wire-Telegraph and Ocean-Cable Carriers. We also propose to eliminate the related Annual Reports Form R, for radiotelegraph carriers, and Form O, for wire-telegraph and ocean-cable carriers. We are proposing these eliminations because we believe that these accounting rules and annual reports have limited value to the Commission. Finally, we are proposing to amend Part 43 of our Rules, Reports of Communication Common Carriers and Certain Affiliates, by requiring radiotelegraph, wire-telegraph, and ocean-cable carriers (record carriers) with annual revenues over \$100 million to file a letter each year with the Commission providing information on operating revenues and communications plant.

¹ 47 CFR §§34.01-1 to 34.1-6; 47 CFR §§35.01-1 to 35.1-6-1.

² 47 U.S.C. §222(b)(1) (1991). The current §222 was part of the Record Carrier Competition Act of 1981 (RCCA), Public Law 97-130, 95 Stat. 1687-90, December 29, 1981, 47 U.S.C. Section 222.

³ See Policy and Rules Concerning Rates for Competitive Common Carriers Services and Facilities Authorizations Therefor, *Fourth Report and Order*, 95 FCC 2d 554 (1983).

⁴ See International Competitive Carrier Policies, 102 FCC 2d 812 (1985).

⁵ Section 220 of the Communications Act of 1934, 47 USC

§220, states that the Commission "may, in its discretion" prescribe the accounts to be used by carriers subject to the Act. Aside from Parts 34 and 35, the only other system of accounts we have established is Part 32, which is prescribed for local exchange carriers and dominant interexchange carriers.

⁶ Waiver of Certain Reporting Requirements of Annual Reports Form O and Form R, 5 FCC Rcd 2563 (1990) (1989 filings); 6 FCC Rcd 50 (1990) (1990 and 1991 filings).

⁷ The Financial Accounting Standards Board is the authoritative standard setting body for accounting practices in the American business community.

If we needed these accounting systems to carry out our regulatory responsibilities, we would have to update them. Under the approach we have adopted pursuant to Section 222, however, we make very little use of the data generated under these systems and reported on Forms O and R. There is thus no justification for revising the Parts 34 and 35 accounting systems and requiring adoption of new systems by the few carriers currently reporting to us.

6. In recognition of our reduced need for uniform accounting and detailed reporting by record carriers, we are proposing to (1) eliminate Parts 34 and 35, (2) revise Section 1.785 as it applies to record carriers, and (3) remove the requirements in Section 1.793, Reports and requests to be filed under Part 34 of this chapter, and Section 1.794, Reports and requests to be filed under Part 35 of this chapter. Further, we are proposing to amend Section 43.21 to require the record carriers with annual revenues over \$100 million to file each year only a letter detailing the value of total communications plant and operating revenues.⁸ This information will be sufficient for our needs in monitoring developments within the international communications industry and the record carrier segment of that industry. At the same time, the proposal to eliminate the accounting rules and the related financial reports will reduce the cost to the carriers and to the Commission.

7. Our proposal to eliminate the accounting rules contained in Part 34 and Part 35 and the Annual Reports O and R does not preclude us from directing the affected carriers to file more detailed information should we later determine that additional information is needed. Section 219(b) of the Act states that the Commission may require carriers subject to the Act to file periodical and/or special reports concerning any matters with respect to which the Commission is authorized or required by law to act. Thus, we are authorized to require filing of additional data as needed.

III. CONCLUSION

8. In this notice we have examined the regulatory tools available to the Commission in regulating record carriers, and as a result of that examination we believe that there is no longer a need for requiring record carriers to continue to maintain the uniform systems of accounts in Parts 34 and 35 and to report extensive data as prescribed in Forms O and R. In view of the current state of the industry and changes in the law, we are seeking comments on our proposals to eliminate Parts 34 and 35 and the associated Annual Report Forms O and R. We are seeking comments also on the proposal to amend Part 43, as stated in the Appendix to this notice, to require only a letter filing each year from record carriers.

⁸ See Appendix A. The text given in Appendix A for the proposed §43.21 also incorporates several changes that were adopted in previous rulemaking proceedings but that were never reflected in the text of the rule as printed in the Code of Federal Regulations. See Annual Report of Licensees in Public Mobile Radio Services (FCC Form L), 47 F. R. 50694 (Nov. 9,

IV. PROCEDURAL MATTERS

9. *Ex Parte Rules - Non-Restricted Proceeding.*

This is a non-restricted notice and comment rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed as provided in Commission rules. See generally 47 C.F.R. Sections 1.1202, 1.1203, and 1.1206(a).

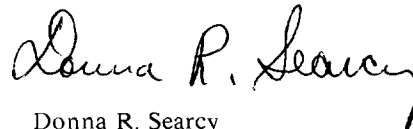
10. *Regulatory Flexibility Act.* We certify that the Regulatory Flexibility Act of 1980 does not apply to this rulemaking proceeding because if the proposed rule amendments are promulgated, there will not be a significant economic impact on a substantial number of small business entities, as defined by Section 601(3) of the Regulatory Flexibility Act. Carriers providing interstate services affected by the proposed rule amendment generally are large corporations or affiliates of such corporations. The Secretary shall send a copy of this Notice of Proposed Rulemaking, including the certification, to the Chief Counsel for Advocacy of the Small Business Administration in accordance with paragraph 603(a) of the Regulatory Flexibility Act. Pub. L. No. 96-354, 96-354, 94 Stat. 1164, 5 U.S.C. Section 601 *et seq.* (1981).

11. *Comment Dates.* Pursuant to applicable procedures set forth in Sections 1.415 and 1.419 of the Commission's Rules, 47 C.F.R. Sections 1.415 and 1.419, interested parties may file comments on or before **September 7, 1992** and reply comments on or before **September 22, 1992**. To file formally in this proceeding, you must file an original and five copies of all comments, reply comments, and supporting comments. If you want each Commissioner to receive a personal copy of your comments, you must file an original plus nine copies. You should send comments and reply comments to Office of the Secretary, Federal Communications Commission, Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the Dockets Reference Room of the Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554.

12. For further information on this proceeding, contact the Accounting Systems Branch, Room 812, 2000 L Street, N.W., Accounting and Audits Division, F.C.C., Washington, D.C. 20554, (202)-634-1861.

13. Authority for issuance of this Notice of Proposed Rulemaking is contained in Sections 4, 219, 220, and 303 of the Communications Act of 1934, as amended, 47 U.S.C. §§154, 219, 220, and 303.

FEDERAL COMMUNICATIONS COMMISSION



Donna R. Searcy
Secretary

1982) (eliminating annual reporting requirement for Domestic Public Land Mobile Radio Services licensees); Elimination of Annual Report of Miscellaneous Common Carriers (Form P), 49 F.R. 10121 (March 19, 1984) (eliminating annual reporting requirement for licensees in the Domestic Public Point-to-Point Microwave Service who are miscellaneous common carriers).

APPENDIX

47 CFR, Parts 1 and 43 are proposed to be amended as follows:

1. The authority citation for Part 1 continues to read as follows:

Authority: Secs. 4, 303, 48 Stat. 1066, 1082, as amended; 47 U.S.C. 154, 303; Implement, 5 U.S.C. 552, unless otherwise noted.

1. Section 1.785 (a) is revised to read as follows:

§1.785 Annual financial reports.

(a) An annual financial report shall be filed by telephone carriers and affiliates as required by Part 43 of this chapter on Form M.

2. Sections 1.793 and 1.794 are removed.

2. The authority citation for Part 43 continues to read as follows:

Authority: Sec. 4, 48 Stat. 1066, as amended, 47 U.S.C. 154, unless otherwise noted. Interpret or apply secs. 211, 219, 48 Stat. 1073, 1077, as amended; 47 U.S.C. 211, 219, 220.

1. Section 43.21 is amended by revising paragraphs (a) and (d) to read as follows:

§43.21 Annual reports of carriers and certain affiliates.

(a) Communication common carriers having operating (revenues in excess of \$100 million, and certain companies (as indicated in paragraph (c) of this section) directly or indirectly controlling such carriers shall file with the Commission annual reports or an annual letter as provided in this section. Except as provided in paragraphs (c) and (e) of this section, each annual report required by this section shall be filed not later than March 31 of each year, covering the preceding calendar year. It shall be filed on the appropriate report form prescribed by the Commission (see §1.785 of this chapter) and shall contain full and specific answers to all questions propounded and information requested in the currently effective report forms. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be signed on the signature page by the responsible accounting officer. A copy of each annual report shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.